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House of Representatives

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September 13, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen,

We write today to urge you to take immediate action to prevent CCP-backed companies from leveraging U.S. taxpayer dollars to expand their operations in the United States. As you know, on February 17, Congressman John Moolenaar wrote to you urging the Committee on Foreign Investment in the United States (CFIUS) to conduct national security reviews of major People's Republic of China (PRC) investments in Michigan, to include a recent announcement by PRC firm Gotion High-Tech Co. to build a lithium-ion battery manufacturing plant in the state.¹ The Department of Treasury's (Treasury) response on April 4 provided no substantive information but suggested that CFIUS does not have jurisdiction over these types of investments. Treasury's response failed to address the national security concerns that may arise in such a transaction, or, indeed, to provide any information relevant to the identified concerns.

Even more worryingly, it appears that Treasury—as one of the primary implementing agencies behind the Inflation Reduction Act—may be offering Gotion large government subsidies for the project.² We write to request information regarding Treasury's plan to help fund this billion-dollar Beijing battery project with U.S. taxpayer dollars and the tools Treasury needs from Congress to ensure that it has sufficient jurisdiction under CFIUS to scrutinize such projects in the future.

¹ Joey Cappelletti, *Michigan committee gives \$175 million for EV battery plant*, AP NEWS (Apr. 20, 2023) available at www.apnews.com/article/gotion-battery-plant-funds-dbe993c933bdaccf3c8784fcb7b94fbf.

² Amrith Ramkumar & Phred Dvorak, *The Biggest Winners in America's Climate Law: Foreign Companies*, WALL ST. JOURNAL (July 20, 2023) available at www.wsj.com/articles/the-biggest-winners-in-americas-climate-law-foreign-companies-c672e09d.

Gotion High-Tech Co. is a PRC company that has direct ties to the CCP and state-owned financial institutions.³ Gotion has been an active participant in the PRC-based version of the “Thousands Talent Program,” a program the FBI itself says encourages theft of trade secrets and economic espionage.⁴ Gotion has established multiple “Communist Party Units” within its operations and has publicly sought PRC provincial government support for its desire to expand its operations overseas.⁵ Even when courting major Western investment, Gotion has been adamant about retaining PRC-based control, including requiring that Volkswagen give up part of its voting rights, despite Volkswagen acquiring over 25 percent of the company.⁶

The United States is locked in a fierce competition to prevent the PRC from dominating the key technologies of the 21st century, investing billions to reduce the CCP’s chokehold over critical supply chains. It is perplexing that the U.S. government would perpetuate this chokehold by actively supporting CCP-backed companies expanding their foothold in the U.S. market, especially in a crucial sector such as lithium-ion battery manufacturing. In 2021, the Biden administration and the U.S. Department of Energy emphasized the importance of lithium-ion batteries to next-generation energy technologies and national security.⁷ Moreover, the Wall Street Journal stated that “the rise of rechargeable batteries is now a matter of national security and industrial policy. Control of the minerals and manufacturing processes needed to make lithium-ion batteries is the 21st-century version of oil security.”⁸ Allowing a CCP-supported company to erode U.S. strength and development in the domestic battery sector threatens U.S. national security and vital supply chains, particularly when such companies can leverage U.S. taxpayer-funded investments and credits for lithium-ion batteries as offered by the Inflation Reduction Act.

Immediate action must be taken to prevent PRC companies from exploiting U.S. taxpayer dollars, and Congress must take urgent action to further reform CFIUS to mandate that these types of transactions are subject to national security screening. Therefore, we respectfully ask you respond to the following questions as soon as possible but no later than September 29, 2023:

³ *Gotion High-tech Co., Ltd*, CNINF, available at www.cninfo.com.cn/new/snapshot/companyDetailEn?code=002074.

⁴ See www.baijiahao.baidu.com/s?id=1753434950205786717&wfr=spider&for=pc; *Chinese Talent Plans Encourage Trade Secret Theft, Economic Espionage*, FEDERAL BUREAU OF INVESTIGATION (2023) available at www.fbi.gov/investigate/counterintelligence/the-china-threat/chinese-talent-plans.

⁵ See www.gotion.com.cn/news/companydetails/685.html & www.gotion.com.cn/news/newsdetails/748.html.

⁶ Chris Randall, *VW is now majority owner of Gotion High-Tech*, ELECTRIVE (Dec. 15, 2021) available at www.electrive.com/2021/12/15/vw-is-now-majority-owner-of-gotion-high-tech/.

⁷ *America’s Strategy to Secure the Supply Chain for a Robust Clean Energy Transition*, U.S. DEP’T OF ENERGY (Feb. 24, 2022) available at www.energy.gov/sites/default/files/2022-02/America%E2%80%99s%20Strategy%20to%20Secure%20the%20Supply%20Chain%20for%20a%20Robust%20Clean%20Energy%20Transition%20FINAL.docx_0.pdf; *National Blueprint for Lithium Batteries*, FEDERAL CONSORTIUM FOR ADVANCED BATTERIES (2021) available at www.energy.gov/sites/default/files/2021-06/FCAB%20National%20Blueprint%20Lithium%20Batteries%200621_0.pdf.

⁸ Russell Gold & Ben Foldy, *The Battery is Ready to Power the World*, Wall St. Journal (Feb. 5, 2021) available at www.wsj.com/articles/the-battery-is-ready-to-power-the-world-11612551578.

1. Does Treasury intend to provide any U.S. taxpayer funding or other support to Gotion High-Tech Co. in connection with its construction of a lithium-ion battery manufacturing plant?
 - a. If so, what is the amount of U.S. taxpayer dollars that Treasury plans to allocate for this project?
2. Has Treasury been in communication with Gotion High-Tech Co. in connection with its plans to construct a lithium-ion battery manufacturing plant and possible tax inducements it could receive?
 - a. If so, please describe these communications.
3. Has Treasury been in communication with the State of Michigan—including but not limited to Governor Gretchen Whitmer’s office—regarding Gotion High-Tech Co.’s planned project?
 - a. If so, please describe these communications.
4. Why does Gotion High-Tech Co.’s project not currently fall under the jurisdiction of CFIUS?
 - a. What does Congress need to provide via new reforms to ensure these types of PRC projects fall under the jurisdiction of CFIUS?

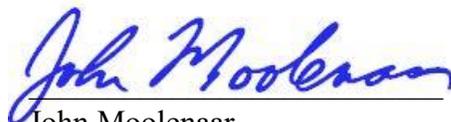
The House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party has broad authority to “investigate and submit policy recommendations on the status of the Chinese Communist Party’s economic, technological, and security progress and its competition with the United States” under H. Res. 11.

To make arrangements to deliver a response or ask any questions please contact Select Committee staff at (202) 226-9678. Thank you for your attention to this important matter and prompt reply.

Sincerely,



Mike Gallagher
Chairman



John Moolenaar
Member of Congress